

Amendments to House Bill No. 529
Reference Copy

Requested by Representative Bob Lake

For the House Conference Committee

Prepared by Jeff Martin
April 24, 2007 (10:34am)

1. Title, line 5 through line 6.

Strike: "PROVIDING" on line 5 through "LOCATION"

Insert: "REDUCING THE TAX RATE FOR CLASS EIGHT BUSINESS
EQUIPMENT"

2. Title, line 7.

Strike: "UNDER"

Insert: "THROUGH"

3. Title, line 9.

Strike: "GUARANTEED" through "FUNDING"

Insert: "SCHOOL DISTRICT BLOCK GRANTS"

4. Title, line 12.

Strike: "APPROPRIATIONS AND"

Following: "7-1-2111,"

Insert: "7-1-2111,"

5. Title, line 13.

Following: "~~15-6-138,~~"

Strike: "15-6-219, 15-8-301,"

Insert: "15-6-138,"

Following: "~~20-9-406,~~"

Insert: "20-9-406,"

Strike: "20-9-366"

Insert: "20-9-630"

6. Title, line 14.

Following: "~~DELAYED~~"

Insert: "A DELAYED"

Strike: "DATES"

Insert: "DATE"

7. Page 1, line 18.

Strike: "exemption and"

8. Page 1, line 19 through line 20.

Strike: "exemption amount and" on line 19

Strike: "UNDER" on line 19 through "8331" on line 20

9. Page 1, line 21 through line 22.

Strike: "IN" on line 21 through "833]" on line 22

10. Page 1, line 25.

Strike: "[" through "833]"

Insert: "[section 4]"

11. Page 1, line 26 through line 27.

Strike: "[" on line 26 through "833]" on line 27

Insert: "[section 4]"

12. Page 1, line 27.

Following: "GOVERNMENT"

Insert: ", "

13. Page 1, line 28.

Following: "DISTRICT"

Insert: "school district,"

14. Page 2, line 26.

Following: "~~20-9-630(2)~~."

Insert: ", and the office of public instruction shall distribute the reimbursement to school districts with block grants pursuant to 20-9-630(2) "

15. Page 2, line 30.

Following: "DISTRICT"

Insert: "and for each school district"

16. Page 3, line 3.

Following: "~~20-9-360~~."

Insert: "By June 15, 2008, the office of public instruction shall distribute the amount determined under this subsection (2) (b) as a block grant under 20-9-630."

17. Page 3, line 4.

Strike: "THE"

Insert: "Beginning in fiscal year 2009, the"

18. Page 3, line 7.

Strike: "15-1-121(7)"

Insert: "15-1-121(7) (b) "

19. Page 4, line 19.

Insert: "**Section 2.** Section 7-1-2111, MCA, is amended to read:

"**7-1-2111. Classification of counties.** (1) For the purpose of regulating the compensation and salaries of all county officers, not otherwise provided for, and for fixing the penalties of officers' bonds, the counties of this state must be classified according to the taxable valuation of the property in

the counties upon which the tax levy is made as follows:

(a) first class--all counties having a taxable valuation of \$50 million or more;

(b) second class--all counties having a taxable valuation of \$30 million or more and less than \$50 million;

(c) third class--all counties having a taxable valuation of \$20 million or more and less than \$30 million;

(d) fourth class--all counties having a taxable valuation of \$15 million or more and less than \$20 million;

(e) fifth class--all counties having a taxable valuation of \$10 million or more and less than \$15 million;

(f) sixth class--all counties having a taxable valuation of \$5 million or more and less than \$10 million;

(g) seventh class--all counties having a taxable valuation of less than \$5 million.

(2) As used in this section, "taxable valuation" means the taxable value of taxable property in the county as of the time of determination plus:

(a) that portion of the taxable value of the county on December 31, 1981, attributable to automobiles and trucks having a rated capacity of three-quarters of a ton or less;

(b) that portion of the taxable value of the county on December 31, 1989, attributable to automobiles and trucks having a manufacturer's rated capacity of more than three-quarters of a ton but less than or equal to 1 ton;

(c) that portion of the taxable value of the county on December 31, 1997, attributable to buses, trucks having a manufacturer's rated capacity of more than 1 ton, and truck tractors;

(d) that portion of the taxable value of the county on December 31, 1997, attributable to trailers, pole trailers, and semitrailers with a declared weight of less than 26,000 pounds;

(e) the value provided by the department of revenue under 15-36-332(7);

(f) 50% of the taxable value of the county on December 31, 1999, attributable to telecommunications property under 15-6-141;

(g) 50% of the taxable value in the county on December 31, 1999, attributable to electrical generation property under 15-6-141;

(h) 34% of the taxable value in the county on December 31, 2007, attributable to personal property under 15-6-138;

~~(h)~~ (i) the value provided by the department of revenue under 15-24-3001;

~~(i)~~ (j) 6% of the taxable value of the county on January 1 of each tax year; and

~~(j)~~ (k) 45% of the contract sales price of the gross proceeds of coal in the county as provided in 15-23-703 and as reported under 15-23-702."

{ Internal References to 7-1-2111:

7-1-2112

7-3-1214

7-22-2142

15-24-3001

15-36-332

15-39-110

80-7-814 }

Renumber: subsequent sections

20. Page 18, line 9 through page 20, line 27.

Strike: section 3 through section 4 in their entirety

Insert: "Section 4. Section 15-6-138, MCA, is amended to read:

"15-6-138. Class eight property -- description -- taxable percentage. (1) Class eight property includes:

(a) all agricultural implements and equipment that are not exempt under 15-6-207 or 15-6-220;

(b) all mining machinery, fixtures, equipment, tools that are not exempt under 15-6-219, and supplies except those included in ~~class five 15-6-135~~;

(c) all oil and gas production machinery, fixtures, equipment, including pumping units, oil field storage tanks, water storage tanks, water disposal injection pumps, gas compressor and dehydrator units, communication towers, gas metering shacks, treaters, gas separators, water flood units, gas boosters, and similar equipment that is skidable, portable, or movable, tools that are not exempt under 15-6-219, and supplies except those included in ~~class five 15-6-135~~;

(d) all manufacturing machinery, fixtures, equipment, tools, except a certain value of hand-held tools and personal property related to space vehicles, ethanol manufacturing, and industrial dairies and milk processors as provided in 15-6-220, and supplies except those included in ~~class five 15-6-135~~;

(e) all goods and equipment that are intended for rent or lease, except goods and equipment that are specifically included and taxed in another class;

(f) special mobile equipment as defined in 61-1-101;

(g) furniture, fixtures, and equipment, except that specifically included in another class, used in commercial establishments as defined in this section;

(h) x-ray and medical and dental equipment;

(i) citizens' band radios and mobile telephones;

(j) radio and television broadcasting and transmitting equipment;

(k) cable television systems;

(l) coal and ore haulers;

(m) theater projectors and sound equipment; and

(n) all other property that is not included in any other class in this part, except that property that is subject to a fee in lieu of a property tax.

(2) As used in this section, "coal and ore haulers" means nonhighway vehicles that exceed 18,000 pounds an axle and that are primarily designed and used to transport coal, ore, or other earthen material in a mining or quarrying environment.

(3) "Commercial establishment" includes any hotel, motel, office, petroleum marketing station, or service, wholesale, retail, or food-handling business.

(4) Class eight property is taxed at 3% 2% of its market

value.

(5) The class eight property of a person or business entity that owns an aggregate of \$20,000 or less in market value of class eight property is exempt from taxation."

{ Internal References to 15-6-138:

15-1-111	15-1-112	15-1-112	15-1-112
15-1-112	15-1-112	15-1-112	15-1-112
15-1-112	15-1-112	15-1-112	15-1-112
15-1-112	15-1-112	15-1-112	15-1-112
15-1-112	15-1-112	15-1-112	15-6-156
15-24-3001	76-6-109}		

Renumber: subsequent sections

21. Page 23, line 21.

Strike: "[SECTION 9];"

22. Page 23, line 25.

Following: "20-9-630;"

Insert: "20-9-630;"

23. Page 27, line 26 through page 29, line 6.

Strike: sections 7 through 9 in their entirety

Insert: "Section 7. Section 20-9-406, MCA, is amended to read:

"20-9-406. Limitations on amount of bond issue --
definition of federal impact aid basic support payment. (1) (a)
Except as provided in subsection (1) (d), the maximum amount for
which an elementary district or a high school district may become
indebted by the issuance of general obligation bonds, including
all indebtedness represented by outstanding general obligation
bonds of previous issues, registered warrants, outstanding
obligations under 20-9-471 and 20-9-502, and any other loans or
notes payable that are held as general obligations of the
district, is 45% of the taxable value of the property subject to
taxation, as ascertained by the last assessment for state,
county, and school taxes previous to the incurring of the
indebtedness, plus an additional 50% of the taxable value of
property classified under 15-6-138 multiplied by 45%.

(b) Except as provided in subsection (1) (d), the maximum
amount for which a K-12 school district, as formed pursuant to
20-6-701, may become indebted by the issuance of general
obligation bonds, including all indebtedness represented by
outstanding general obligation bonds of previous issues,
registered warrants, outstanding obligations under 20-9-471 and
20-9-502, and any other loans or notes payable that are held as
general obligations of the district, is up to 90% of the taxable
value of the property subject to taxation, as ascertained by the
last assessment for state, county, and school taxes previous to
the incurring of the indebtedness, plus an additional 50% of the
taxable value of property classified under 15-6-138 multiplied by
90%.

(c) The total indebtedness of the high school district with

an attached elementary district is limited to the sum of 45% of the taxable value of the property for elementary school program purposes and 45% of the taxable value of the property for high school program purposes, adjusted as provided in this section.

(d) (i) The maximum amount for which an elementary district or a high school district with a district mill value per elementary ANB or per high school ANB that is less than the facility guaranteed mill value per elementary ANB or high school ANB under 20-9-366 may become indebted by the issuance of general obligation bonds, including all indebtedness represented by outstanding general obligation bonds of previous issues, registered warrants, outstanding obligations under 20-9-471 and 20-9-502, and any other loans or notes payable that are held as general obligations of the district, is 45% of the corresponding facility guaranteed mill value per ANB times 1,000 times the ANB of the district. For a K-12 district, the maximum amount for which the district may become indebted is 45% of the sum of the facility guaranteed mill value per elementary ANB times 1,000 times the elementary ANB of the district and the facility guaranteed mill value per high school ANB times 1,000 times the high school ANB of the district.

(ii) If mutually agreed upon by the affected districts, for the purpose of calculating its maximum bonded indebtedness under this subsection (1)(d), a district may include the ANB of the district plus the number of students residing within the district for which the district or county pays tuition for attendance at a school in an adjacent district. The receiving district may not use out-of-district ANB for the purpose of calculating its maximum indebtedness if the out-of-district ANB has been included in the ANB of the sending district pursuant to the mutual agreement.

(2) The maximum amounts determined in subsection (1) do not pertain to indebtedness imposed by special improvement district obligations or assessments against the school district or to general obligation bonds issued for the repayment of tax protests lost by the district. All general obligation bonds issued in excess of the amount are void, except as provided in this section.

(3) The maximum amount of impact aid revenue bonds that an elementary district, high school district, or K-12 school district may issue may not exceed a total aggregate amount equal to three times the average of the school district's annual federal impact aid basic support payments for the 5 years immediately preceding the issuance of the bonds. However, at the time of issuance of the bonds, the average annual payment of principal and interest on the impact aid bonds each year may not exceed 35% of the total federal impact aid basic support payments of the school district for the current year.

(4) When the total indebtedness of a school district has reached the limitations prescribed in this section, the school

district may pay all reasonable and necessary expenses of the school district on a cash basis in accordance with the financial administration provisions of this chapter.

(5) Whenever bonds are issued for the purpose of refunding bonds, any money to the credit of the debt service fund for the payment of the bonds to be refunded is applied toward the payment of the bonds and the refunding bond issue is decreased accordingly.

(6) As used in this part, "federal impact aid basic support payment" means the annual impact aid revenue received by a district under 20 U.S.C. 7703(b) but excludes revenue received for impact aid special education under 20 U.S.C. 7703(d) and impact aid construction under 20 U.S.C. 7707."

{ Internal References to 20-9-406: x to all

15-39-110

20-9-407

20-9-407

20-9-412

20-9-471

20-9-502

20-9-502

20-15-404*

90-6-310}"

Insert: "Section 8. Section 20-9-630, MCA, is amended to read:

"20-9-630. School district block grants. (1) (a) The office of public instruction shall provide a block grant to each school district based on:

(i) the revenue received by each district in fiscal year 2001 from vehicle taxes and fees, corporate license taxes paid by financial institutions, aeronautics fees, state land payments in lieu of taxes, and property tax reimbursements pursuant to sections 167(1) through (5) and 169(6), Chapter 584, Laws of 1999; and

(ii) any reimbursement to be made to a school district pursuant to subsection (2).

(b) Block grants must be calculated using the electronic reporting system that is used by the office of public instruction and school districts. The electronic reporting system must be used to allocate the block grant amount into each district's budget as an anticipated revenue source by fund.

~~(c) With the exception of vehicle taxes and fees, the office of public instruction shall use the amount actually received from the sources listed in subsection (1)(a) in fiscal year 2001 in its calculation of the block grant for fiscal year 2002 budgeting purposes. For vehicle taxes and fees, the office of public instruction shall use 93.4% of the amount actually received in fiscal year 2001 in calculating the block grant for fiscal year 2002.~~

~~(2) If the fiscal year 2003 appropriation provided in section 248(1), Chapter 574, Laws of 2001, is insufficient to fund the school district block grants in fiscal year 2003 at the fiscal year 2002 level, the office of public instruction shall prorate the block grants to meet the remaining appropriation. School districts shall anticipate the prorated block grant amounts provided by the office of public instruction in their budgets for fiscal year 2003.~~

(2) If the legislature enacts a reimbursement provision

that is to be distributed pursuant to this section, the office of public instruction shall determine the reimbursement amount as provided in the enactment and add the appropriate amount to block grant distributions under this section. The total of reimbursement distributions made pursuant to this subsection in a fiscal year must be added to all other distributions to the school district in the fiscal year to determine the distribution for the subsequent fiscal year. The block grant percentage increases in subsections (4) (a) and (4) (c) do not apply to reimbursements made under this subsection for the fiscal year of the first reimbursement, but do apply to the block grant amounts in subsequent fiscal years that incorporate reimbursement added in previous fiscal years. For the purpose of this subsection, the "fiscal year of the first reimbursement" does not include the fiscal year in which the reimbursement under [section 1(2)(b)] is made.

(3) Each Except for the reimbursement made under [section 1(2)(b)], each year, 70% of each district's block grant must be distributed in November and 30% of each district's block grant must be distributed in May at the same time that guaranteed tax base aid is distributed.

(4) (a) The block grant for the district general fund is equal to the average amount received in fiscal years 2002 and 2003 by the district general fund from the block grants provided for in subsection (1). The block grant must be increased by 0.76% in fiscal year 2004 and in each succeeding fiscal year.

(b) The block grant for the district transportation fund is equal to one-half of the average amount received in fiscal years 2002 and 2003 by the district transportation fund from the block grants provided for in subsection (1). The block grant must be increased by 0.76% in fiscal year 2004 and in each succeeding fiscal year.

(c) (i) The combined fund block grant is equal to the average amount received in fiscal years 2002 and 2003 by the district tuition, bus depreciation reserve, building reserve, nonoperating, and adult education funds from the block grants provided for in subsection (1). The block grant must be increased by 0.76% in fiscal year 2004 and in each succeeding fiscal year.

(ii) The school district may deposit the combined fund block grant into any budgeted fund of the district.

(5) The funding for block grants provided for in this section, including the reimbursement under [section 1(2)(b)], is statutorily appropriated, as provided in 17-7-502, from the general fund to the office of public instruction for distribution to school districts."

{ Internal References to 20-9-630:

20-9-141 x 20-10-144x }

Renumber: subsequent sections

Strike: "DATES"

Insert: "date"

25. Page 29, line 11 through line 12.

Strike: "(1)" on line 11 through "THIS" on line 12

Insert: "[This"

26. Page 29, line 13 through line 14.

Strike: subsection (2) through subsection (3) in their entirety

- END -